READER'S GUIDE

BACKGROUND

The City is undergoing a successful renewal of new office, retail, entertainment and hotel construction in its downtown area, new residential development throughout the City, and revitalization projects in many of its neighborhoods. The City uses the Capital Improvement Program (CIP) to develop capital infrastructure that supports the City's goals to become a leader in the quality of life offered to its citizens.

The capital budget supports non-recurring expenditures such as the construction of buildings, acquisition of property, repairs and improvements to roadways, building maintenance, and efficient operation of the water and sewage systems. Capital funding is limited to the cost of the project and may be expended over a long period of time until the project is completed. Other costs associated with the capital budget are:

- Architectural and engineering fees

- Site development

- Equipment

The City of Norfolk uses a long range planning process that requires departments to provide a five-year capital improvement plan. This plan provides citizens an opportunity to evaluate how the City plans to invest in capital over the next few years. Each capital project included in the Capital Improvement Plan is either approved for funding in FY 2007 or included as planned projects in fiscal years 2008 - 2011. The inclusion of a project in the long-range plan is not a guarantee that it will be funded in the future. The priorities of the City or department may change and therefore result in a project not being included in the next budget cycle.

The size and scope of a project determines whether it is a candidate for inclusion in the CIP or in the City's operating budget. Any project funded in a department's operating budget must be completed or committed via a contractual obligation within the fiscal year in which the funds are appropriated. A project that is included in the City's capital budget is broadly defined as requiring the expenditure of public funds, for the purchase, construction, enhancement or replacement of physical infrastructure/asset.

In addition, the project must cost $50,000 or more and should extend the life of the asset by greater than the life of the debt instrument used to finance the improvement or grant program.

GUIDING PRINCIPLES

Basic principles are used to help shape the CIP. These principles include, but are not limited to:

- Developing a capital plan that funds projects in a variety of program areas which meet the highest priority needs.

- Ensuring that the CIP will be the platform for development in neighborhoods and business communities.

- Preserving the existing tax base.

To guide the CIP decision-making process, projects were evaluated on the degree to which they meet the following objectives:

- Meet a legal or contractual obligation or federal or state mandate.

- Leverage outside funding through a match of Federal, State or private funding.

- Address health concerns, safety or emergency needs.

- Produce positive community impact through the formation of partnerships with citizens and businesses to leverage public dollars, making Norfolk the community of choice for living, working and leisure activities.

- Enjoy broad community support.

- Result in unacceptable outcomes if the project is deferred.

- Ensure existing infrastructure and/or equipment is maintained and replaced in a timely manner.

FUNDING THE CIP

Through a combination of funding sources the City of Norfolk implements the CIP. Below are descriptions of funding sources used to support the CIP:

Transfers from Public Amenities Fund: This cash contribution is from a special revenue fund that designates one percent of the prepared food tax rate and one percent of the lodging tax rate are used to promote cultural and entertainment activity in the downtown area.

Transfer from General Fund: Annual cash contributions to the CIP.

Capital Project Fund Balance: These dollars represent undesignated funds in the Capital Project Fund.

Transfer from School Fund: These dollars represent cash contributions from the Norfolk Public Schools General Operating Fund.

Other: These dollars represent other sources of cash contributions to the CIP (such as grants, donations, or other state or federal aid).

Debt: For debt purposes, the City's debt is defined by the sources of repayment: general fund supported debt service and non-general fund supported debt. General fund supported debt is pledged to be repaid from tax revenue. Non-general fund debt is repaid from revenue derived from other sources, such as fees.

POLICY AREA DESCRIPTIONS

GENERAL FUND SUPPORTED PROJECTS:

Education: Projects in this category enhance the educational capital improvements of the City to improve instructional service delivery. They are most likely to be school related activities but can be any educational capital-type project. This would include construction projects to improve, replace, and/or build new elementary, middle, and high school facilities. Related acquisition for property and designs are also included.

Transportation: Projects in this category improve the City's roadway infrastructure system and satisfy the Commonwealth of Virginia's mandate regarding the Urban Roadways Program. This would encompass improvements to primary and secondary vehicular passageways, bridges, and underpasses, including street lighting, signalizations, and under grounding of utilities relating to streets and highways.

Economic Development: Projects in this category are to improve the City's infrastructure systems and encourage the City's continued economic vitality. They may also provide funds for public infrastructure improvements designed to enhance and support private sector investments in a variety of neighborhood and commercial areas of the City.

Cultural Facilities: Projects in this category are to improve the City's infrastructure systems and pursue the City's incentives to promote tourism and to provide opportunity for cultural enrichment.

Neighborhood Development: Projects in this category are to improve the City's infrastructure systems, preserve and enhance the City's taxable real estate base. These projects will also improve the City's community roadway infrastructure system and satisfy the need within existing, planned or new neighborhoods.

Public Buildings: Projects in this category are to improve the City's public buildings infrastructure system by providing adequate maintenance, and construction of new and updated facilities.

Parks & Recreation Facilities: Projects in this category are to enhance the City's recreational facilities, provide opportunity for cultural enrichment and promote tourism.

General & Other: Projects in this category improve the City's infrastructure system and maintain public safety through enhancement and maintenance. Usually, activities of this category are special in nature and do not fall within the defined other categories within the CIP Budget. They may include Federal and State mandated projects and general activities such as acquisition of properties or provide the local matching dollars to partner with other parties to generate project funds.

NON-GENERAL FUND PROJECTS:

Projects below are supported through non-general fund revenues which are not paid from taxes:

Water Utilities: Projects in this category are to improve the City's water infrastructure system and perpetuate the City's economic vitality.

Wastewater Utilities: Projects in this category are to improve the City's wastewater infrastructure system, including the operation and maintenance of collection sewers, pump stations, and sewer force mains.

Storm water Utility: Projects in this category are to improve the City's storm water infrastructure system, including miscellaneous drainage improvements, system repairs and rehabilitation, system cleaning and drainage studies in neighborhoods citywide.

Parking Facilities: Projects in this category are to improve the City's parking infrastructure systems, maintain public safety, promote tourism, and perpetuate and attract new businesses, including architectural designs, construction of new and/or replacement, multi-level, parking facilities.

Towing and Recovery: Projects in this category support the City's ability to keep abandoned vehicles off the public right of way and address code violations.

PROJECT INFORMATION

Financial Summary: Financial information for projects can be found throughout the CIP and in the sections listed below.

CIP Funding Sources: Lists the sources of revenue the City uses to fund capital projects.

CIP Uses of Funds: Lists the projects approved in FY 2007 budget.

CIP Five-Year Plan Summary: A five-year outlook of funding amounts for CIP projects approved in the 2006 budget.

Project Detail by Policy Area: Projects shown on the five-year plan are listed individually with a detailed financial breakdown.

Neighborhood Plans: In an effort to enhance the readability of the CIP document, projects identified as a part of a Neighborhood Plan area (Broad Creek, Fairmount Park/Lafayette, Southside or Wards Corner) are grouped together at the end of a policy area. These neighborhood projects vary in scope and may appear in any of the policy areas of the CIP.

For each project the following information is included:

Project Title: Provides a descriptive name for the project.

Department: Identifies the City department that will function as the project manager.

Account Number: Identifies the financial account the City uses to track project expenditures. Projects approved for planned funding will not have an account code.

Customers Served: Indicate the beneficiaries to be served by the project.

Project Description: Provides a brief and informative description of the project.

Financial Summary: The financial summary provides detailed information on the amounts appropriated for the project. This section includes the following:

- FY 2007 Approved: Indicates the approved amounts for the project. Amounts listed in FY 2008 – FY 2011 are planned amounts for the project in the upcoming years.

- FY 2006 Approved: Indicates amounts which were planned for the project when the budget was authorized in the previous fiscal year.

- Operating Budget Impact: Indicates an on-going operating budget expense once the project is complete. These expenses are not paid from the capital budget.

- FY 2007 Anticipated Budget Distribution: Amounts indicated are a projection of how the funds will be spent in the first year of funding.

- The FY 2007 CIP incorporates one percent for the Public Art Program. This program will allocate one percent of specified construction projects valued over $500,000. If a project has a dedicated public arts component, the sentence, "One percent of the project is dedicated to Public Arts," will appear to the right of the FY 2007 Anticipated Budget Distribution section. In FY 2007 the amount dedicated to pubic art is valued at approximately $817,864

- Prior Capital Funding: Indicates the dollars previously contributed to this project through previous budget appropriations.

- Capital Share Remaining: Indicates the amount of capital funding needed to complete the project. This amount is the sum of FY 2008 – FY 2011.

- Project Total: Displays the total amount of money dedicated for the completion of the project.

- TBD: A "To Be Determined" (TBD) is a placeholder and used for projects that have been identified as priorities based on the City's guiding principles and policy areas. Costs for these projects will be determined at a later time. These TBD costs may be located in either the first year of the approved FY 2007 budget year or in the out-years of the five year CIP.

- Picture: If available, a visual depiction of the project location or the end result expected from the completion of the project.

Property Address: Identifies the location of the project. Several categories are used to identify the location of a project. Addresses are listed when a project is concentrated in a specific area.   The term citywide is used when the project involves several locations throughout the City. The term, to be determined is used, when a specific site for the project has not been identified.

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